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Foreign Trade in LIVESTOCK PRODUCTS

Principles - Issues - Patterns - Trends

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FOREIGN TRADE IN LIVESTOCK PRODUCTS

Gene A. Futrell and Thomas T. Stout 1/

INTRODUCTION

The bulletin deals with the nature and extent of United States participation in international trade of livestock, meat and related products. It attempts to define the basis for trade and to answer several recurring and relevant questions about foreign trade. Among these: Why does the United States engage in foreign trade? With what other nations does the United States trade livestock and livestock products? How much of all United States foreign trade is in agricultural products? How much of the agricultural trade is composed of livestock and livestock products? What kinds of livestock products are traded?

Much of the complexity of foreign trade rests in the intricacies of trade theory, trade mechanics, and trade institutions. This bulletin attempts to avoid or over-simplify these complexities as much as possible in providing useful and meaningful answers to popular trade issues. In this context, the bulletin may be particularly useful to teachers and Extension personnel in agriculture, to agricultural businessmen, and to members and officers of agricultural organizations.

WHY NATIONS TRADE

In the opening chapters of the Wealth of Nations, Adam Smith described the desire to exchange as a basic "human propensity" and noted that this propensity to exchange was the basis for the division of labor. The division of labor led to specialization and the development of particular skills and machines which enhanced the productivity of the individual and the nation. But the division of labor was limited, he observed, by the extent of the market, i.e., by the physical extent to which people could implement their desire to exchange. Such interdependence of exchange and productive specialization provides the basis for trade, whether between individuals, communities, states or nations. Trade is basic in all societies. It is voluntary exchange undertaken for mutual advantage.

The basis for trade customarily is stated in terms of comparative advantage, wherein each region or nation produces for consumption and for exchange those goods and services it is best fitted to produce relative to other regions or nations. Comparative advantage arises as a result of relative endowments of resources and natural advantages, or other factors such as accumulated technical skills. Such comparative differences result in differences among regions or nations in the amounts and costs of factors of production, i.e., land, labor, capital, and managerial capacity.

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Nations trade for the same reasons that individuals, regions, or states trade. Basically, foreign trade is an extension of domestic trade. It has been said that foreign trade occurs when the division of labor is pushed beyond national boundaries. No matter how generously endowed any one country may be, it cannot economically provide for itself the complete array of goods and services that could be realized by supplementing or complementing its own production with imports from other countries. Dr. Arthur Mauch provides an example to illustrate this point.2/

> The U. S. is a large country with a great variety of resources and skills which allows us to meet most of our needs from our own resources. Nevertheless, we have considerable interest in foreign trade, which permits us to specialize in producing goods for which we have a comparative advantage. For example, our country has some distinct advantages in the production of both machinery and wood products. Comparatively, our resources are such that we do better with machinery than with wood. We, therefore, sell some of our machinery to the Scandinavians in exchange for some of their timber and pulpwood. The exchange is voluntary. Basically, therefore, foreign trade is like domestic trade in which Pennsylvania exchanges steel products for Iowa's pork and beef. It is like individual specialization and exchange, with farmers selling cotton and buying clothes, although they could, and once did, produce both.

But trade does not occur because groups of producers in various states or nations become individually aware of the facts of comparative advantage. Price differences appear as a result of existing comparative advantages, and trade develops in response to these price differences. International trade will develop whenever price differences become great enough to pay all costs of trade such as transportation, border inspections, and import duties.

SPECIAL FEATURES OF FOREIGN TRADE3/

There are some distinct features of foreign trade which do serve to set it apart from domestic trade. For one thing, differences in the cost of productive factors among different areas tend to disappear to the extent that these resources can be shifted from one area to another. But factor mobility is greatly restricted by international boundaries due to differences in laws, languages, customs, etc. Factor cost differences, therefore, tend to persist between countries, rather than to disappear as in domestic trade. While domestic trade occurs among producers who enjoy a fairly similar

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2/ Mauch, Arthur, "Why Trade with Other Nations?-World Trade: What Are the Issues?" (No. 1). Prepared by the Farm Foundation; National Committee on Agricultural Policy; Agricultural Policy Institute, North Carolina State College, and the Center for Agricultural and Economic Adjustment, Iowa State University, March 1962.

3/ Certain distinguishing characteristics of foreign trade are set forth in international trade textbooks. In summarizing these the authors have depended particularly on Harrod, R. F., International Economics, The University of Chicago Press, 1958. Pages 5-8.

standard of living, international trade often is exchange between producers with quite different standards of living. On this point, R. F. Harrod[4] has commented:

> The frequent claim that the import of goods made with cheap foreign labor should be checked thus implies ignorance of the first principles of the subject, for it assumes that the inequality of wages in two competing countries is abnormal, whereas in fact it is on the probable presence of that feature that the special study of international as distinct from national trade is founded.[5]

A second distinguishing feature of international trade is that it occurs between producers subject to the actions of different governments. Even if international boundaries posed no barrier to factor mobility, real factor costs could still differ due to differing policies and actions of the respective governments. A third difference is that international trade occurs between the spheres of influence of different central banks. Each central bank maintains the monetary standard only of its own currency. While the rate of exchange in domestic trade is always constant, in international trade the rates are always subject to fluctuation. A final possible difference is that while the incentives to domestic trade usually are purely economic, the incentives for international trade may be policital as well as economic. Such political incentives, however, still may be directed toward some anticipated economic gain.

The reasons for trade that exist in such basic institutions, desires, and economies as division of labor, exchange, and comparative advantage, however, are not altered by these features that set foreign trade apart as a special case in trade. While they do serve to establish foreign trade as "a horse of another color," it remains true that the beast is still a horse.

4/ Ibid. Page 6.

5/ Professor Mauch has provided some evidence bearing upon this concern that a high-wage country such as the United States cannot compete with cheap foreign labor without lowering its standard of living: "There are two questions to test the validity of these 'low-wage arguments.' (1) 'Are U. S. exports the products of industries characterized by low wages?' If high wages put U. S. industry at a disadvantage in markets abroad, we should expect our leading export industries to pay wages among the lowest in the country. As a matter of fact, the situation is just the reverse for manufacturers who export a large share of their production...Among these are the machine industry, the chemical industry, and the automobile industry. In the mid-1950's, for example, the automobile industry in the U. S. paid wages 17 per cent above the average for all industries in the nation... (2) 'Are our imports competing with products of our high-wage industries?' Now what about the level of wages paid by those U. S. industries 'protected' against foreign competition by high tariffs? A tariff of 30 per cent is considered high. Yet duties levied on textile imports range from 25 to 60 per cent and are effective in limiting competition from abroad. According to the protectionist arguments, then, we might expect to see textile wages among the highest in the country. Such is not the case. They are among the lowest. In the mid-1950's, their wage rates were 27 per cent below the average for all industries." Op. Cit., pages 5- 6.

EXTENT OF UNITED STATES PARTICIPATION IN FOREIGN TRADE

In relative terms, the extent to which the United States engages in foreign trade is smaller than that of almost any other country in the world. But because of the great production and wealth of the United States, the dollar amount by which the country engages in foreign trade makes it a world leader. So it is possible to construct a case in support of the fact that the United States is either great or small in international trade, but not that it is insignificant. To the livestock producer the facts apparent in Figure A frequently are disturbing indeed. But Table 1 provides some helpful perspective. Many of the major powers of the world are included in Table 1. The extent of international trade by each of them is shown both in U. S. dollar value and as a per cent of each country's national income. Some countries are greatly dependent upon international trade for their survival: Denmark, The Netherlands, and Belgium-Luxembourg each import (and export) in volumes equal to 30 to 50 per cent of their national income. The United States in contrast imported in 1961 in quantities equal to less than 4 per cent of its national income, and exported in quantities equal to less than 5 per cent. But even though these percentages are low, the United States is a world leader in dollar value of both imports and exports. In 1961, only the United Kingdom and West Germany, among all nations listed, exported as much as half the dollar value of United States' exports, and in that year only those same two countries imported in quantities comparable to that of the United States. In fact, the foreign trade of the United States far exceeds the national incomes of some of the countries listed in Table 1.

IMPORTANCE OF AGRICULTURE IN UNITED STATES FOREIGN TRADE

The United States is a powerful nation agriculturally as well as industrially. Many of the industrially powerful nations of the world are heavily dependent upon the rest of the world for the products of agriculture, but the United States is not one of them. The per cent of total trade that is agricultural for each of the countries also is indicated in Table 1. Countries that are highly industrialized are relatively large agricultural importers and small agricultural exporters in terms of their total trade. The United Kingdom, West Germany and Japan, for example, all are industrial nations with substantial populations relative to their geographic areas. In each case, agricultural imports are rather large relative to total imports, and their agricultural exports are small. Conversely, countries that have great agricultural potential but relatively less industrial development display an opposite pattern. Canada, Australia, and New Zealand serve as examples. The United States seems to occupy a middle ground between these extremes.

Still the extent to which this agriculturally wealthy nation imports agricultural goods may seem surprising, even though this did amount to only about 1.25 per cent of U. S. national income in 1961.[6] United States foreign agricultural trade is summarized in Table 2.[7] Part of the reason why United States agricultural imports are as high as they are is apparent immediately--there are two kinds of agricultural imports. Supplementary imports are those

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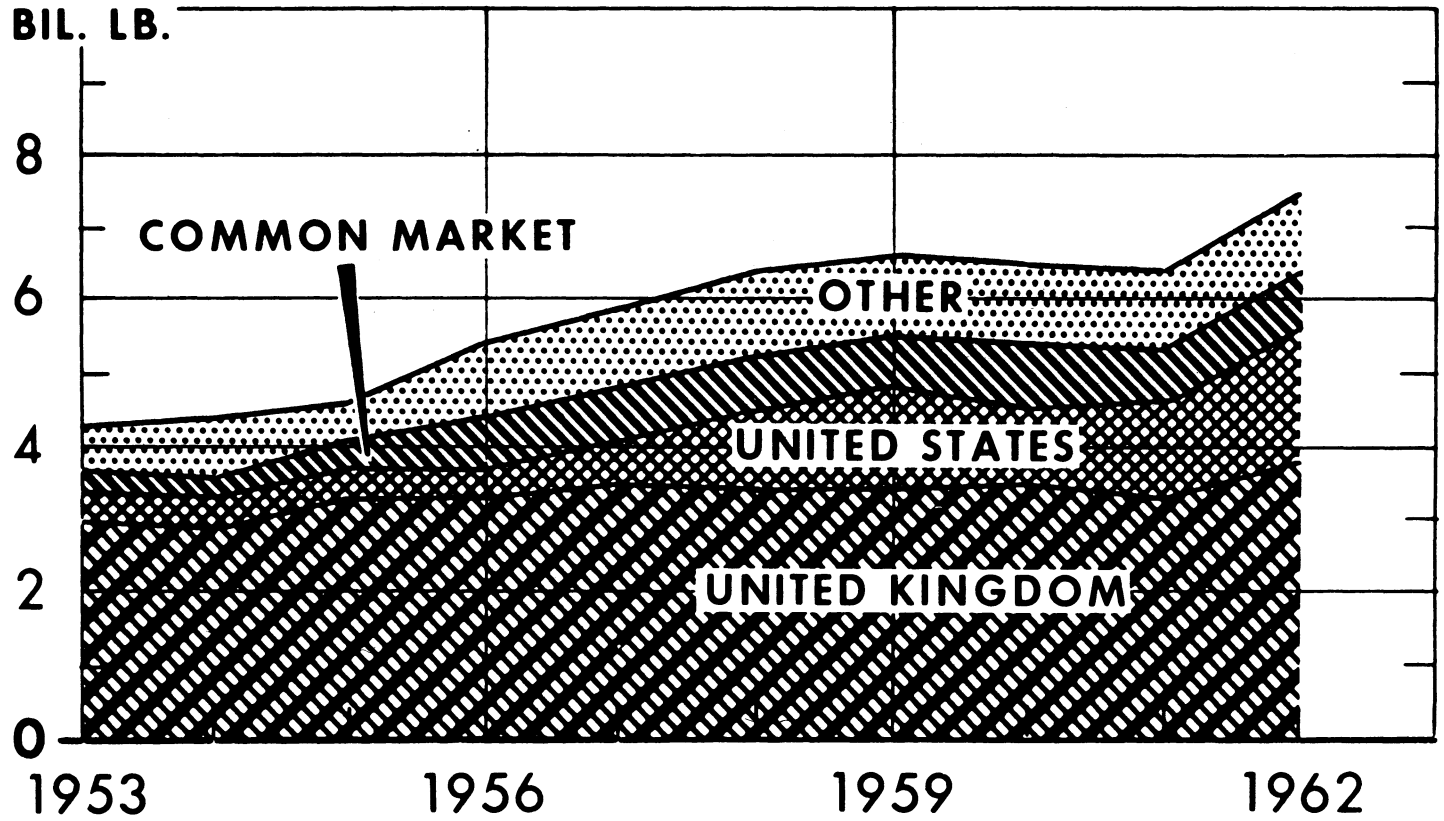
6/ Computed from figures in the bottom row of Table 1 (3.5 x 36.2 percent).

7/ Total exports and imports in Table 2 do not compare exactly to total trade shown in Table 1 due to differences in sources and in methods of estimation.

Figure A

WORLD'S IMPORTERS OF RED MEATS



U. S. DEPARTMENT OF AGRICULTURE

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Table 1. Value of Exports and Imports, Per Cent Trade of National Income and Per Cent Agricultural to Total Trade, Selected Countries, 1953, 1958, and 1960.

(Value in Millions of U. S. Dollars)

Country	Year	Exports			Imports		
		Value 1/	Percent of National Income	Percent Agricultural	Value 1/	Percent of National Income	Percent Agricultural
Netherlands	1953	2,153	42.6	----	2,375	47.0	----
	1958	3,218	41.0	33.7	3,625	46.2	27.4
	1961	4,307	42.8	31.0	5,112	50.8	23.8
Belgium-Luxembourg	1953	2,260	32.7	----	2,413	34.9	----
	1958	3,046	35.3	9.7	3,129	36.2	26.7
	1961	3,924	39.8	9.9	4,219	42.8	23.6
Denmark	1953	895	28.1	----	1,001	31.5	----
	1958	1,288	32.3	66.7	1,366	34.3	25.0
	1961	1,537	29.0	60.6	1,873	35.3	21.9
New Zealand	1953	659	32.3	----	538	26.4	----
	1958	699	26.3	96.6	798	30.0	12.5
	1961	793	25.0	98.7	901	28.4	11.5
United Kingdom	1953	7,153	18.7	----	9,025	23.6	----
	1958	8,893	17.2	10.6	10,096	19.6	59.6
	1961	10,308	17.0	9.7	11,864	19.6	52.4
Canada	1953	4,220	21.3	----	4,317	21.8	----
	1958	5,045	19.5	39.5	5,205	20.1	16.0
	1961	5,811	21.8	37.8	5,694	21.3	16.1
Italy	1953	1,507	10.0	----	2,420	16.1	----
	1958	2,577	11.9	22.8	3,369	15.6	39.4
	1961	4,188	15.2	17.1	5,222	18.9	34.9
West Germany	1953	4,389	16.7	----	3,771	14.3	----
	1958	8,807	20.7	3.6	7,361	17.3	44.8
	1961	12,687	21.1	3.3	10,941	18.2	38.1
Australia	1953	1,979	23.3	----	1,293	15.2	----
	1958	1,655	15.0	77.3	1,792	16.3	14.0
	1961	2,324	17.9	74.0	2,093	16.1	13.0
Argentina	1953	1,125	----	----	795	----	----
	1958	994	----	94.3	1,233	---- 2/	16.9
	1961	964	12.8 2/	97.3	1,460	19.3 2/	10.8
France	1953	3,782	11.8	----	3,942	12.3	----
	1958	5,117	13.8	18.2	5,609	15.1	45.5
	1961	7,210	15.1	19.9	6,678	14.0	36.3
Japan	1953	1,275	8.1	----	2,410	15.4	----
	1958	2,877	12.4	13.7	3,033	13.1	50.1
	1961	4,236	11.2	11.0	5,810	15.4	39.6
United States	1953	15,661	5.1	----	10,874	3.6	----
	1958	17,732	4.9	23.4	12,918	3.5	40.8
	1961	20,775	4.9	26.5	14,702	3.5	36.2

1/ Value stated in millions of U. S. dollars. 2/ Based on 1960 National Income.

Source: Value of exports and imports and per cent trade of national income derived from: United Nations, Statistical Yearbook, 1962, Fourteenth Issue, New York, Tables 152, 162, and 167. Per cent agricultural to total trade: Food and Agriculture Organization, Trade Yearbook, 1962, Volume 16, Rome, Italy, Table 1.

which we receive in addition to our own production of the same kinds of goods. But complementary imports are unlike anything produced at home, such as coffee or cocoa. Another factor which boosts the value of U. S. agricultural imports is that they include items like rubber, which really are agricultural goods but seldom are thought of in that way by users of the final manufactured products. A third factor affecting the value of U. S. agricultural imports is the great wealth of this nation, which makes it a big buyer of expensive, luxurious, or exotic agricultural goods such as spices, herbs and gourmet foods, which are included in the "other" category of Table 2.

Two points are significant: First, whether the United States is exporting or importing, and whether the imports were supplementary or complementary, it is important to remember that the trade was voluntary. It occurred in response to price differences indicative of comparative production advantages. To trade was a better bargain than to not trade. Second, the layman's discussion of United States foreign trade is apt to be one-sided. Particularly if he is an agricultural producer is he likely to be concerned about the effect of supplementary imports upon his livelihood. Probably the truth is as he would like it--that U. S. citizens could continue to live comfortably without most of these imports. But the agricultural producer's welfare probably would be hindered more by loss of exports than it would be improved by restricting imports. Imports are paid for with exports. To limit our imports is to limit the ability of other nations to pay for products we would like to export to them. To cease one kind of trade, therefore, is greatly to hinder the other. The extent to which the United States exports some of its agricultural production is surprisingly large. Table 3 suggests for example that, were it not for agricultural exports, the U. S. grain surplus problem would be much more severe and so, probably, would be the government's actions to deal with it. Another thought: If 44 per cent of the tallow and 17 per cent of the lard produced in the United States was exported in 1962, what would have happened to the price of those goods and the animals from which they were derived if it would have been necessary for the domestic market to absorb them all? International trade is a safety valve for domestic production. Because some other nation finds tallow a prized commodity, the United States is able to use it, though low-valued at home, to pay for things which at the time are high-priced and in short supply within its own borders.

LIVESTOCK AND LIVESTOCK PRODUCTS IN U. S. FOREIGN AGRICULTURAL TRADE

In 1961, United States participation in foreign trade included imports equal to 3.5 per cent of national income and exports equal to 4.9 per cent (Table 1). Of total exports, agricultural goods accounted for 26.5 per cent; and of total imports, agricultural commodities amounted to 36.2 per cent (Table 1). And of this agricultural trade, animals and animal products were only a part (Table 2). Specifically, the percentage of all agricultural trade accounted for by animals and animal products in 1958, 1960 and 1962 was as follows:

	1958	1960	1962
Exports	14.3	11.9	11.7
Imports	20.5	20.5	25.8

Source: Table 2

Table 2. U. S. Agricultural Trade Calendar Years 1958, 1960, 1962.

(Millions of Dollars)

Commodity	1958	1960	1962
	EXPORTS		
Grains and feeds:			
Wheat and flour	733	1,029	1,134
Feed grains & products	501	551	824
Rice, milled	99	151	153
Other	78	96	175
Total	1,411	1,827	2,286
Cotton	656	980	528
Animals and products	550	576	589
Vegetable oils & oilseeds	390	549	633
Fruits, vegetables, and preparations	381	389	433
Tobacco, unmanufactured	354	379	373
Other	113	132	189
Total	3,855	4,832	5,031
	IMPORTS		
SUPPLEMENTARY			
Animals and products	700	644	885
Sugar, cane	520	507	509
Fruits and vegetables	140	168	171
Vegetable oils, fats, and waxes and oilbearing materials	147	161	151
Tobacco, leaf	96	103	90
Grains and feeds	90	71	58
Nuts and preparations	62	69	60
Other	183	195	211
Total	1,938	1,918	2,135
COMPLEMENTARY			
Coffee	1,171	1,003	990
Rubber, crude	248	322	228
Cocoa or cocoa beans	172	143	131
Wool, unmanufactured (free, in bond)	80	112	89
Bananas	69	79	77
Other	203	247	226
Total	1,943	1,906	1,741
Total Imports	3,881	3,824	3,876

Source: U. S. Foreign Agricultural Trade by Commodity Calendar Year 1962, ERS, USDA, Washington, D. C., June 1963, Tables 2, 3, 6 and 7, pages 2, 3, 4, 19, 20, and 21.

Table 3. United States Agricultural Exports: Percentage of Products Exported, Principal Commodities, Fiscal Years, 1954 - 1962.

(Arranged in descending order of 1962 percentage)

Commodity	Unit	Production		Percentage Exports	
		Average 1954-60	1962	Average 1954-60	1962
		(Million units)		(Percentage of Production)	
Wheat	Bushels	1,091	1,235	36	58
Tallow	Pounds	3,077	3,666	40	44
Nonfat dry milk	Pounds	1,494	2,050	35	39
Cotton	Bales	14	14	34	34
Soybeans	Bushels	434	693	32	34
Tobacco (farm weight)	Pounds	1,982	2,023	28	29
Rye, grain	Bushels	25	27	21	27
Barley, grain	Bushels	389	393	19	21
Cottonseed	Ton	6	6	25	19
Grain sorghum	Bushels	361	483	15	18
Dried whole milk	Pounds	105	85	37	17
Lard	Pounds	2,559	2,525	20	17

Source: Derived from "Foreign Agricultural Trade of the United States," ERS, USDA, September 1962, Table 4. page 11.

Another interesting measure of U. S. foreign trade in livestock and livestock products is the per cent of total production involved in foreign trade. Such figures are summarized in Tables 4, 5, and 6. Since all kinds and classes of livestock, meat and edible products enter into international trade, a common denominator has been used in these tables so that quantities of various products will be comparable. This common denominator is carcass weight equivalent, which puts all products from live animals to canned hams on the same terms.[8/] Tables 4-6 deal with edible meat products exported and imported during 1952-1962, and these constitute only a part of the percentages cited on page 7. Several general facts about U. S. trade in meat products are illustrated by these tables. (1) The United States usually imports more meat than it exports. (2) The amount of livestock imported into the United States varies considerably from year to year but it is always small compared to the amount of meat that is imported. (3) Total imports and exports of pork are very small compared to total domestic production. (4) Foreign trade in beef and veal was nominal until about 1957 and since that time imports have risen sharply. Since most of this meat is used for processing, then increased imports of beef and mutton usually occur when domestic canner and cutter prices are high (and canner and cutter animals are in short supply) and domestic slaughter is low. This relationship between beef imports and domestic prices and slaughter is apparent in Figure B. It might be reasonable to expect higher import levels as normal in future years since progressively more of the U. S. production will consist of fed beef intended for fresh meat consumption.

WORLD PRODUCTION AND TRADE IN LIVESTOCK AND LIVESTOCK PRODUCTS

World production of cattle (including buffalo), hogs and sheep is summarized in Table 7. In 1963 the North American continent supplied 14 per cent of the world's cattle, 16 per cent of the hogs, and 4 per cent of the sheep and lambs. This contribution to world production has remained constant for cattle, but since 1951-55 North American production of hogs relative to that of the world has declined 21.7 per cent and relative sheep and lamb production has declined 15.2 per cent. Most of the world increase in hog production has occurred in South America, the USSR and Asia; and most of the increases in sheep and lamb production have occurred in the USSR and Oceania (Australia and New Zealand). World production of all species has increased substantially since 1951-55, with increases in hog production being the greatest, due to rapid gains in the USSR and more modest percentage gains in Asia which leads the world in hog production.

Table 8 aggregates world meat production and consumption of all species into carcass weight equivalent. The major meat importing nations of the world are the United States and the United Kingdom. The major meat exporting nations include Argentina, Denmark, Australia and New Zealand, although there are other significant exporters as well. It is apparent, however, that the world's greatest meat producers are not necessarily the greatest exporters. Whether a nation is a net exporter or a net importer depends not upon its productive capacity, per se, but upon its comparative advantages as a meat producer. France and Germany provide an illustration: Both produce about the same amount of meat and per capita consumption in the two countries is not greatly different, but because of difference in comparative advantages, West Germany is a net importer and France a net exporter.

8/ Product weight, another common denominator, has been used in some cases and has been noted.

Table 4. United States Production, Imports and Exports of Beef and Veal, and Related Data, 1952-1962

Year	U. S. Production[a]	U. S. Exports Beef and Veal[b] (carcass weight)	United States Imports					U.S. Cattle Prices[d]
			Live Animals		Beef and Veal[b] (carcass weight)	Total[b]	Imports as Percent of Production	
			Head	Meat Equivalent[c]				
	(Mil. lbs.)		(1,000)		(Mil. lbs.)		(Per Cent)	(Dollars)
1952	10,819	20	138	47	429	476	4.4	24.30
1953	13,953	47	177	62	271	333	2.4	16.30
1954	14,610	49	71	35	232	267	1.8	16.00
1955	15,147	50	296	93	229	322	2.1	15.60
1956	16,094	97	141	43	211	254	1.6	14.90
1957	15,728	100	703	221	395	616	3.9	17.20
1958	14,516	32	1,126	340	909	1,249	8.6	21.90
1959	14,588	34	688	191	1,063	1,254	8.6	22.60
1960	15,835	36	645	163	775	938	5.9	20.40
1961	16,341	36	1,023	250	1,037	1,287	7.9	20.20
1962	16,311	31	1,232	280	1,445	1,725	10.6	21.30

a/ Total production.
b/ Canned and other processed meats converted to dressed weight equivalent.
c/ Estimated at 53 per cent of live weight of all dutiable imports of cattle.
d/ U. S. average price per 100 pounds received by farmers for beef cattle.

Source: Derived from Foreign Agricultural Service, Foreign Crops and Markets, U. S. Department of Agriculture, March 5, 1962, p. 11; Economic Research Service, Livestock and Meat Situation, U. S. Department of Agriculture, May 1963, Tables 6 and 10, pp. 20 and 24; and Agricultural Marketing Service, Livestock and Meat Statistics,1962, U. S. Department of Agriculture, Statistical Bulletin 333, July 1963, Table 180, p. 261.

Table 5. United States Production, Imports and Exports of Pork, Excluding Lard, and Related Data, 1952-1962

Year	U. S. Production	U. S. Exports[a] (carcass weight)	United States Imports					U. S. Hog Prices
			Live Animals		Meat[a]	Total	Imports as Percent of Production	
			Head	Meat Equivalent[b]				
	(Mil. lbs.)		(1,000)		(Mil. lbs.)		(Per Cent)	(Dollars)
1952	11,527	108	[c]	[c]	71	71	0.6	17.80
1953	10,006	85	24	3	164	167	1.7	21.40
1954	9,870	60	31	4	184	188	1.9	21.60
1955	10,990	73	7	1	175	176	1.6	15.00
1956	11,200	82	[c]	[c]	151	151	1.3	14.40
1957	10,424	90	1	[c]	144	144	1.4	17.80
1958	10,454	62	9	1	193	194	1.9	19.60
1959	11,993	78	2	[c]	186	186	1.6	14.10
1960	11,605	76	6	1	186	187	1.6	15.30
1961	11,411	72	3	[c]	187	187	1.6	16.60
1962	11,841	69	3	[c]	216	216	1.8	16.30

[a] Canned and other processed meats converted to dressed weight equivalent.
[b] Estimated at 69 per cent of live weight of all dutiable imports of hogs.
[c] Less than 0.5.

Source: Foreign Agricultural Service, Foreign Crops and Markets, U. S. Dept. of Agriculture, March 5, 1962, p. 12 and Agricultural Marketing Service, Livestock and Meat Statistics, 1962, U. S. Department of Agriculture, Statistical Bulletin 333, July 1963, Tables 114, 182, 217, and 218, pp. 148, 262, 297, and 298.

Table 6. United States Production, Imports and Exports, Lamb and Mutton, and Related Data, 1952-1962

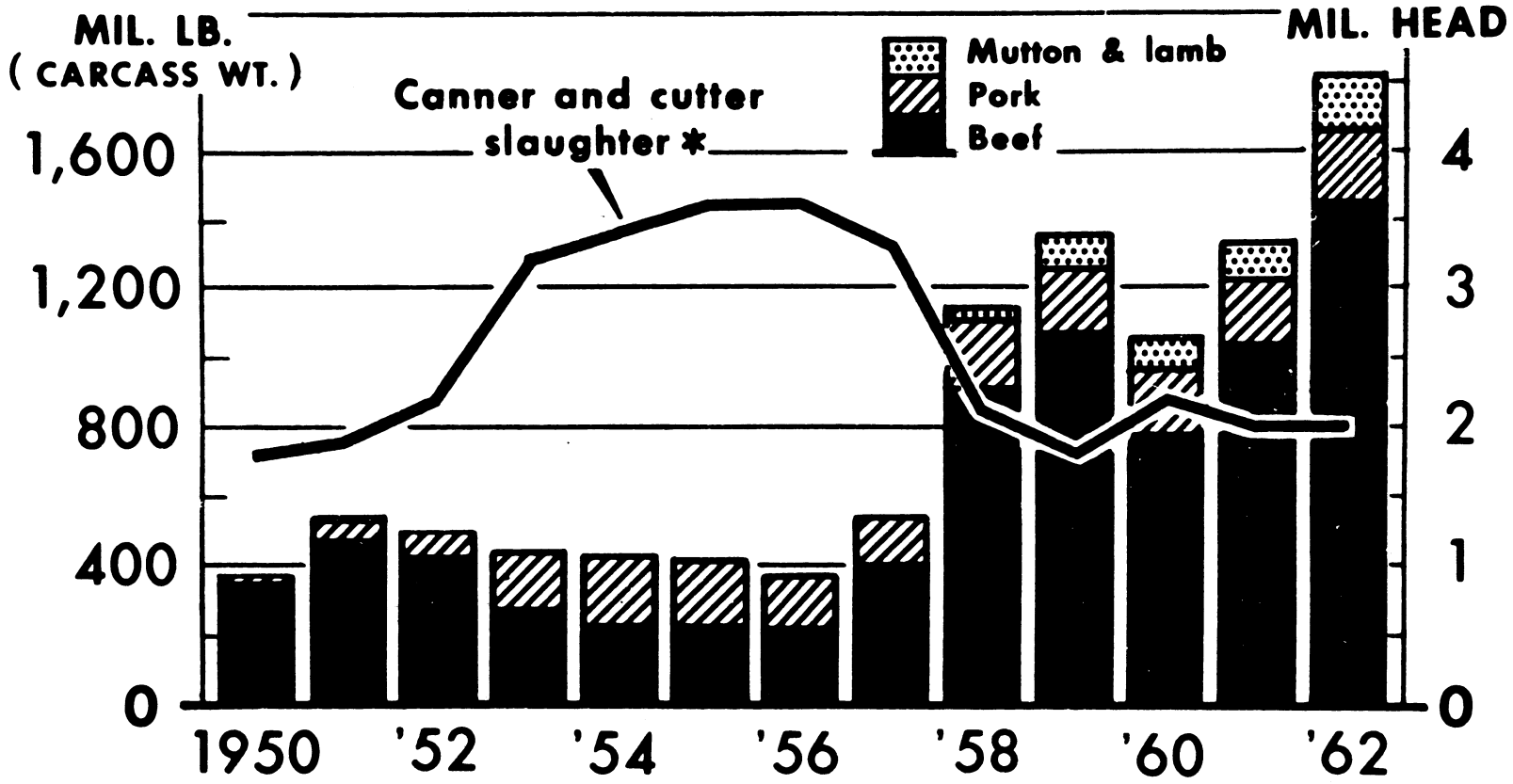
Year	U. S. Lamb and Mutton Production[a/b/]	U. S. Exports of Lamb and Mutton[c/]	United States Imports					Imports as Percent of Production	U. S. Prices[i/]	
			Live Animals		Meat[g/]					
			Head	Meat Equivalent[d/]	Lamb	Mutton	Total		Lambs	Sheep
	(Mil. lbs.)		(1,000)		(Mil. lbs.)			(Per Cent)	(Dollars)	
1952	648	1.0	e/	f/	5.4	0.8	6.2	1.0	24.30	10.00
1953	729	2.0	1	f/	1.8	1.3	3.1	0.4	19.30	6.67
1954	734	2.0	1	f/	1.8	0.3	2.1	0.3	19.10	6.14
1955	758	1.0	8	f/	1.4	0.9	2.3	0.3	18.40	5.78
1956	741	2.0	3	f/	0.8	0.6	1.4	0.2	18.50	5.60
1957	707	3.0	18	1	1.8	1.7	4.5	0.6	19.90	6.05
1958	688	2.0	40	1	7.0	34.0[h/]	42.0	6.1	21.00	7.20
1959	738	2.0	76	2	10.0	95.0[h/]	106.0	14.4	18.70	6.00
1960	768	2.0	50	1	12.0	75.0[h/]	88.0	11.5	17.90	5.61
1961	832	2.0	1	f/	11.0	90.0[h/]	101.0	12.1	15.80	5.18
1962	809	3.0	21	1	13.0	130.0[h/]	144.0	17.8	17.80	5.67

a/ Total production.
b/ Lamb and yearling production (excluding mutton) is estimated at 90 per cent of total production.
c/ Excludes canned products.
d/ Rounding error is large. Actual estimates based on 30-pound carcasses.
e/ Less than 500 head.
f/ Less than 500,000 pounds.
g/ Carcass weight equivalent 1958-1961 data estimated from product weight.
h/ Mostly boneless.
i/ Average prices received by producers per hundred weight.

Source: Derived from Foreign Agricultural Service, Foreign Crops and Markets, U. S. Department of Agriculture, March 5, 1962, p. 11; Economic Research Service, Livestock and Meat Situation, U. S. Department of Agriculture, May 1963, Tables 6 and 10, pp. 20 and 24; Agricultural Marketing Service, Livestock and Meat Statistics, U. S. Department of Agriculture, Statistical Bulletin 230, 1957, Table 218, p. 294; and Agricultural Marketing Service, Livestock and Meat Statistics, 1962, U. S. Department of Agriculture, Statistical Bulletin 333, July 1963, Tables 183 and 184, p. 263.

Figure B

U. S. MEAT IMPORTS, AND SLAUGHTER OF CANNER AND CUTTER CATTLE



* UNDER FEDERAL INSPECTION.

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Table 7. World Production of Cattle (and Buffalo), Hogs and Sheep, by Continent or Area, Average 1951-55, Average 1956-60, Annual 1961-63

Continent	Average 1951-55	Average 1956-60	1961	1962[a]	1963[a]	Percentage Change to 1963 from 1951-55	Percentage Change to 1963 from 1962
	(Millions of Head)					(Percent)	
Cattle and Buffalo							
North America	129.8	137.9	143.9	147.5	152.0	17	3
South America	140.5	156.0	165.4	167.1	168.9	20	1
Europe:							
Western	73.2	77.6	83.2	84.8	85.5	17	1
Eastern	29.7	29.7	32.5	33.4	32.6	10	-2
Total Europe	102.9	107.3	115.7	118.2	118.1	15	6
U. S. S. R.	57.0	66.4	75.8	82.1	86.8	52	6
Africa	100.8	112.0	116.0	116.0	117.0	16	1
Asia	357.2	377.1	400.0	404.0	409.0	15	1
Oceania	21.1	22.8	24.0	25.0	26.6	26	6
Total World	909.3	979.5	1,040.8	1,059.9	1,078.4	19	2
Hogs							
North America	71.8	75.8	76.8	78.9	80.5	12	2
South America	41.8	56.4	62.3	64.8	67.2	61	4
Europe:							
Western	51.5	57.9	62.8	66.9	67.2	30	b/
Eastern	35.3	42.4	46.4	46.3	45.1	28	-3
Total Europe	86.8	100.3	109.2	113.2	112.3	29	-1
U. S. S. R.	28.8	44.2	58.7	66.7	69.7	142	4
Africa	4.1	4.3	4.5	4.6	4.6	12	0
Asia	112.2	148.6	154.9	157.4	158.8	42	1
Oceania	1.9	2.2	2.5	2.5	2.4	26	-4
Total World	347.4	431.8	468.9	488.1	495.5	43	2
Sheep							
North America	39.0	39.8	41.1	39.6	38.6	- 1	-3
South America	120.7	120.8	122.7	123.2	122.6	2	b/
Europe:							
Western	78.6	77.8	80.9	81.6	82.0	4	b/
Eastern	38.9	40.6	42.1	43.8	42.2	8	-4
Total Europe	117.4	118.4	123.0	125.4	124.2	6	-1
U. S. S. R	92.2	119.5	133.0	137.5	139.7	52	2
Africa	127.1	134.9	141.0	144.3	147.0	16	2
Asia	183.8	209.4	213.1	210.8	210.0	14	b/
Oceania	159.5	193.8	201.1	206.7	209.1	31	1
Total World	839.7	936.6	975.0	987.5	991.2	18	b/

a/ Preliminary.
b/ Less than 0.5 per cent.

Source: Foreign Agricultural Service as cited in Economic Research Service, Livestock and Meat Situation, U. S. Department of Agriculture, July 1963, Tables 9-11, p. 25.

Table 8. International Trade, Selected Countries, 1951-55 Average and 1961[1/]

Commodity	Production		Net Trade +Imports -Exports		Apparent Consumption		Per Capita Consumption	
	Average 1951-55	1961	Average 1951-55	1961	Average 1951-55	1961	Average 1951-55	1961
	Mil. lbs.	Mil. lbs.	Mil. lbs.	Mil. lbs.	Mil. lbs.	Mil. lbs.	lbs.	lbs.
North America								
Canada 2/	1,994	2,512	- 53	+3	1,941	2,515	129	139
United States 2/3/	24,338	28,585	+322	+1,212	24,660	29,797	151	161
Mexico	1,212	1,483	- 66	- 144	1,146	1,339	41	37
Cuba	464	---	+ 33	---	497	---	85	---
South America								
Argentina	4,884	5,117	-802	- 980	4,082	4,137	222	197
Brazil	3,430	4,111	- 9	- 111	3,421	4,000	61	60
Chile	341	452	+ 4	+ 10	345	462	53	58
Colombia	714	834	---	---	714	834	58	60
Paraguay	187	198	- 23	- 44	164	154	120	77
Peru	---	337	---	+ 10	---	347	---	35
Uruguay	826	749	-136	- 113	690	636	272	212
Venezuela	207	348	+ 14	---	221	---	44	---
Europe:								
Austria	649	791	+ 3	+ 9	651	800	94	113
Belgium-Luxembourg	890	990	+ 17	+ 42	907	1,032	100	108
Denmark 2/	1,247	1,711	-772	-1,041	475	670	109	129
Finland	261	285	- 1	+ 24	260	309	63	69
France	4,810	5,921	- 53	- 213	4,757	5,708	112	125
West Germany	4,681	6,010	+ 90	+ 244	4,771	6,254	93	110
Greece	188	312	+ 11	+ 60	199	372	25	44
Ireland	405	578	-158	- 309	247	269	84	96
Italy	1,725	2,774	+ 70	+ 119	1,795	2,893	38	58
Netherlands	1,086	1,466	-235	- 315	851	1,151	81	99
Norway	235	336	- 3	+ 2	232	338	69	93
Portugal	326	345	- 4	+ 22	322	367	37	40
Spain	872	1,241	+ 12	+ 39	884	1,280	31	42
Sweden	715	783	+ 23	- 16	688	767	103	102
United Kindgom 2/	3,088	4,144	+2,743	+3,290	5,894	7,434	108	134
Bulgaria	396[4/]	---	- 38	---	357	---	49[4/]	---
Czechoslovakia	868[4/]	---	+ 63	---	931	---	73[4/]	---
Germany, East	1,210	---	+155	---	1,365	---	75	---
Hungary	737	---	- 30	---	697	---	73	---
Poland	1,839	---	-171	- 354	1,668	---	64	---
Yugoslavia	690	1,183	- 22	- 245	668	938	39	50
Switzerland	431	555	+ 18	+ 51	449	606	92	113
USSR (Europe & Asia):	9,075[4/]	13,900	+519	- 23	10,624	13,877	53[4/]	64
Africa:								
So. Africa, Rep.	1,015	1,130	+ 11	---	1,003	---	74	---
Asia:								
Japan	434	851	+ 1	+ 64	435	915	5	10
Philippines	299	---	+ 22	+ 28	321	---	15	---
Oceania:								
Australia 2/5/	2,522	3,152	-471	- 635	2,051	2,517	214	215
New Zealand 2/6/	1,293	1,697	-794	-1,120	499	577	216	223

1/ Carcass meat basis--includes beef, veal, pork, mutton, lamb, goat, and horsemeat; excludes edible variety meats, lard, rabbit and poultry meat. 2/ Per capita consumption figures take into account changes in commercial stocks. Per capita data for the U.S. and Canada are civilian consumption only. 3/ Includes horsemeat in trade and apparent consumption. 4/ Less than 5 year average. 5/ Per capita consumption figures are for years ending June 30. 6/ Per capita consumption figures are for years ending September 30. Source: Derived from Livestock and Meat Situation, ERS, USDA, September 1962, Table 10, page 21.

UNITED STATES FOREIGN TRADE PATTERNS FOR MEAT

United States foreign trade patterns for meat during 1961-62 are summarized in Table 9. It is evident that U. S. export markets for meat differ substantially from the sources through which the U. S. imports meat. Such unilateral trade patterns are rather typical of foreign trade. When comparative advantages are exercised in trade, it would be expected that when the U. S. buys meat from New Zealand, it might pay for it with machinery, for example. Or when the U. S. sells meat it might be repaid in trucks from Germany or coffee beans, bananas or sugar from South America or the Caribbean. The only country with which U. S. trade in meat is fairly bilateral is Canada.

Most U. S. exports are to nearby destinations: Canada, Mexico, the Caribbean, and adjacent areas of South America. Moreover, a large share of total exports go to U. S. territories rather than to foreign sovereign powers. The biggest meat export item is pork, nearly half of which goes to U. S. territories, and the least important export meat is lamb and mutton.

Most imports of meat into the United States come from Australia or New Zealand, and the bulk of the imports is beef and veal. Canada and Mexico also are important; South America is a major source; and Denmark, Poland, Ireland, and the Netherlands are the important European sources. Denmark, Netherlands and Poland sell pork to the U. S., and the other countries generally are beef suppliers.

TYPES OF LIVESTOCK PRODUCTS EXPORTED AND IMPORTED BY THE UNITED STATES

The United States' role in foreign trade in livestock products principally is one of importing red meat and exporting tallow, hides, lard, and meat. While Figure C graphically summarizes these exports in recent years, Tables 10 and 11 provide greater detail concerning U. S. trade activity in 1962. Table 2 has already made it clear that in 1962 the United States exported animals and animal products worth 589 million dollars and imported products of this nature that were worth 1,001 million dollars.9/ Of these totals, 145 million dollars of the exports were represented by dairy products, honey, eggs and silk, and 83 million dollars worth of the imports were confined to these same commodities. Including these goods in an "other" category permits all U. S. exports and imports in livestock, meats and related products for 1962 to fall into three main groups as follows:

	Exports	Imports	
	(Thousands of dollars)		
Meats and related Products:	422,791	796,623	(Included in Table 10)
Live Animals	21,380	122,035	(Included in Table 11)
Other	145,308	82,542	(Excluded)
Total	589,479	1,001,200	

9/ Includes $885 million of supplementary imports of animals and products, plus complementary imports of wool valued at $89 million and silk valued at $27 million.

Figure C

U. S. EXPORTS OF LIVESTOCK PRODUCTS

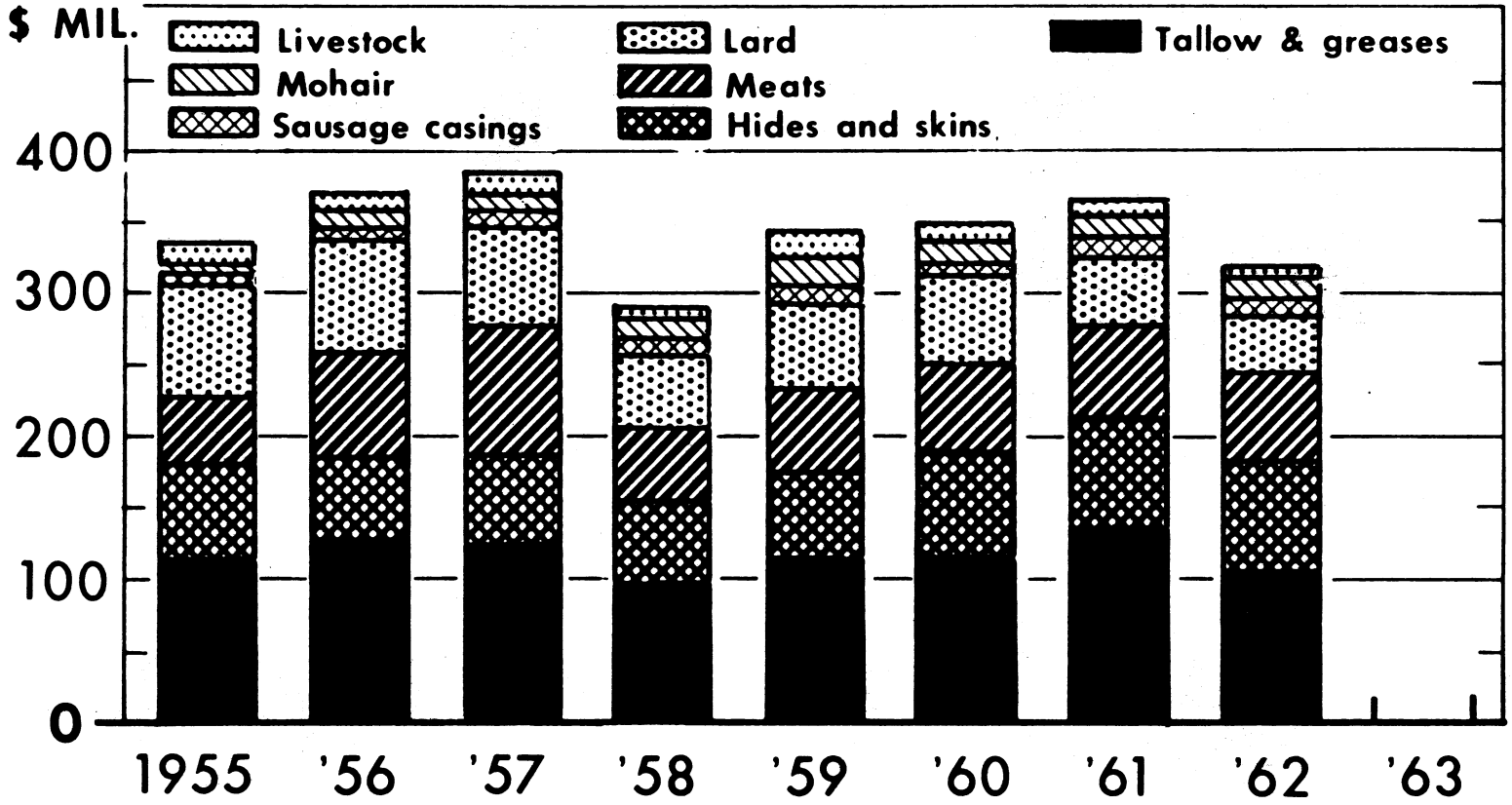

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Table 9. United States Foreign Trade in Meat, by Countries, 1961 and 1962

Product and Year	Exports and Shipments, Product Weight: Exports, by Destination: Canada	Mexico	Bahamas	United Kingdom	Jamaica	Trini-dad	Vene-zuela	Bermuda	West Germany	All Other	Total	Shipments to Territories[a]	Total Exports and Shipments: Product Weight	Carcass Weight Equivalent
	(Million Pounds)													
Beef and Veal														
1961	18.9	0.2	1.8	.6	1.6	0.5	0.1	0.6	b/	5.6	29.9	13.3	43.2	58
1962	16.9	0.1	1.9	.8	1.2	0.2	b/	0.7	b/	5.3	27.1	13.8	40.9	53
Lamb and Mutton														
1961	.5	b/	.2	.6	b/	b/	b/	b/	b/	.3	1.6	--	1.6	2
1962	.5	b/	.2	.6	b/	--	b/	b/	--	.7	2.0	--	2.0	3
Pork														
1961	36.2	6.7	1.8	b/	2.9	2.9	6.4	.7	2.3	8.4	68.3	56.9	125.2	139
1962	33.8	6.7	1.8	.3	3.5	3.3	5.1	.8	1.5	6.9	63.7	57.5	121.2	132
Total Meat[c]														
1961	56.2	7.1	4.1	1.4	4.6	3.5	7.0	1.5	2.5	17.2	105.6	95.0	200.6	199
1962	51.7	7.0	4.0	1.8	4.9	3.7	5.3	1.8	1.5	16.1	97.8	98.2	196.0	188

Product and Year	Imports, Product Weight, by Country of Origin: Canada	Mexico	Nicara-gua	Brazil	Uru-guay	Argen-tina	Den-mark	Ire-land	Nether-lands	Po-land	Austra-lia	New Zealand	All Other	Total Imports: Product Weight	Carcass Wt. Equivalent
	(Million Pounds)														
Beef and veal[d]															
1961	32.3	53.4	14.6	16.3	14.5	65.2	6.5	64.4	0.1	0.1	233.9	154.4	33.5	689.2	1,037
1962	19.4	59.3	15.8	17.2	16.1	55.9	6.7	70.7	.1	.4	444.9	213.6	49.8	970.9	1,445
Lamb and Mutton															
1961	.1	b/	--	--	--	--	--	b/	--	--	44.6	10.8	.2	55.8	101
1962	.5	--	--	--	--	.1	--	.2	--	--	65.9	11.1	.3	78.2	143
Pork															
1961	44.7	.1	--	--	--	--	46.2	.2	42.0	34.7	--	b/	5.8	173.7	187
1962	46.8	b/	--	--	--	--	63.8	2.0	43.4	39.8	b/	.1	7.9	203.8	216
Total Meat															
1961	77.1	53.5	14.6	16.3	14.5	65.2	52.7	64.6	42.1	34.8	278.5	165.2	39.5	918.7	1,325
1962	66.7	59.3	15.8	17.2	16.1	56.0	71.5	72.9	43.5	40.2	510.8	224.8	58.0	1252.9	1,804

a/ Guam, Puerto Rico and Virgin Islands. b/ Less than 50,000 pounds. c/ Includes sausage, bologna, and frankfurters canned and not canned, sausage ingredients, meat and meat products canned n.e.c., and canned baby food. d/ Includes quantities of other canned, prepared or preserved meat n.e.s. Assumed to be mostly beef. Source: Bureau of the Census as cited in Economic Research Service, Livestock and Meat Situation, U.S. Dept. of Agric., May 1963, Table 10, page 24.

The accompanying discussion is devoted to meats and related products (Table 10) and live animals (Table 11).

U. S. World Trade in Meats and Related Products:

The U. S. role of importing red meats and exporting meats and by-products is apparent in the amounts and values presented in Table 10.[10] The most important single item exported by the U. S. in 1962, in terms of both tonnage and value, was inedible tallow. By far the most significant category of exports was animal oils, fats and greases.

Poultry and variety meats were the most important meat exports in 1962. They accounted for over three-fourths of the meat tonnage and two-thirds of the meat value exported in that year. The United States is not a large exporter of edible meats but enjoys a regular trade in some items. Most of the canned and cured beef products go to the Caribbean and the majority of the fresh and frozen beef and veal goes to Canada.[11]

Nearly two-thirds of the value of all U. S. imports in 1962 was represented by beef, veal, pork, lamb and mutton, and almost all of these meats were received in fresh, chilled or frozen form. Over 40 per cent of the total value of all imports in 1962 was in fresh and frozen beef and veal alone. The United States is not a consistent importer of these products, importing them mostly when domestic prices are quite high (as indicated in Figure B and Table 4) and supplies therefore are short. Fresh and frozen beef, veal and mutton are used for processing such as the manufacture of frankfurters, sausages, etc.. Some of the fresh or frozen beef goes from meat packers or wholesalers directly to retail stores where it is used for ground beef or hamburger. Most of the fresh and frozen lamb and mutton is in fact mutton (Table 6) and is used in the manufacture of lower quality cooked products.[12] Most pork imports are canned hams and shoulders which are the products of countries like Denmark, shown in Table 9. Generally, these are high quality products and imported and sold in the U. S. as semi-luxury items. The canned, pickled or cured beef imports are made up mostly of canned corned beef and canned roast beef which are received from Argentina and to a much smaller extent from other South American countries. The chilled and frozen beef comes from New Zealand and Australia, principally, and the fresh beef comes from Canada, Mexico, Costa Rica and the Dominican Republic.[13]

The United States both exports and imports hides and skins. In some years imports are greater, but in recent years exports have exceeded imports. The types of skins entering trade is interesting. Most exports are cattle hides, but nearly 80 per cent of the value of imports is represented by sheep and lamb and "other" skins. These "other" skins are not products of the commercial livestock industry in the ordinary sense. They are skins of deer, buffalo, goats, horses, and kangaroos. (See footnotes to Table 10)

10/ Quantities in Table 10 are in product weight and will not equal carcass weight equivalent in Tables 4-6. Relation between two weights shown in Table 9.

11/ _____, "Why the United States Imports Beef and Veal," Foreign Agriculture, FAS, USDA, Vol. XXII, No. 8, August 1958, page 6.

12/ Determined from a study of 35 midwestern meat packers.

13/ _____, "Why the United States Imports Beef and Veal," Op. cit.

Table 10. United States Foreign Trade in Animal Products. 1962[a]

Commodity	Unit	Exports		Imports	
		Quantity	Value	Quantity	Value
		-1,000-	-$1,000-	-1,000-	-$1,000-
Meats and Meat Products:					
Beef and Veal:					
fresh, chilled or frozen	Lb.	9,856	6,754	863,335	272,718
pickled or cured	Lb.	15,061	5,071	525	307
canned	Lb.	2,196	815	83,959	28,500
Total	Lb.	27,113	12,640	947,820	301,525
Pork:					
fresh, chilled, or frozen	Lb.	35,408	10,177	40,458	15,252
canned:					
hams and shoulders	Lb.	426	297	131,269	95,356
other	Lb.	1,102	649	---	---
other pork[b]	Lb.	26,743	7,480	32,055	17,002
Total	Lb.	63,679	18,603	203,782	127,610
Lamb, Mutton and Goat:					
lamb; fresh, chilled or frozen	Lb.			13,178	3,214
mutton and goat; fresh, chilled or frozen	Lb.	2,188	804	64,991	12,968
Total	Lb.	2,188	804	78,169	15,182
Sausage, bologna, franks	Lb.	2,377	1,259	---	---
Sausage casings	Lb.	18,198	14,368	---	15,885
Variety meats	Lb.	124,484	25,315	---	---
Poultry, all	Lb.	270,115	75,785	264	523
Meat extract	Lb.	463	470	4,082	3,713
Horsemeat	Lb.	1,681	613	---	---
Other meats[c]	Lb.	6,943	2,454	76,625	19,854
Total	Lb.	424,261	120,264	80,971	39,975
Oils, Fats and Greases, Animal:					
Lard	Lb.	422,089	40,635	1	d
Tallow:					
edible	Lb.	5,573	487	128	8
inedible	Lb.	1,427,102	91,824	1,515	37
Other fats, oils and greases[e]	Lb.	184,200	14,533	5,565	1,141
Total	Lb.	2,038,964	147,479	7,209	1,163
Hides and Skins:					
Cattle	No.	7,119	62,785	18,177	3,412
Calf	No.	1,713	7,347	5,132	2,876
Kip skins	No.	343	3,125	13,189	6,937
Sheep and lamb skins	No.	2,179	3,882	56,526	23,939
Other hides and skins[f]	No.	d	5,761	47,425	23,022
	Pcs.	---	---	1,928	2,484
Total	--	---	82,900	---	62,670
Other Livestock Products:					
Wool, unmanufactured	Lb.	124	94	363,524	196,197
Mohair	Lb.	12,540	11,133	9,152	13,205
Miscellaneous[g]	Lb.	14,345	28,874	529,815	38,096
Total	--	---	40,101	---	158,273
Grand Total	--	---	422,791	---	796,623

a/ Includes primarily products and by-products of meat animals. Does not include live animals (See Table 11), dairy products, eggs and egg products, silk and honey. b/ Includes such items as bacon, cured hams, shoulders, pickled pork and sausage pork. c/ Includes such items as baby food meats, specialty meats, liver paste, frog legs and other miscellaneous fresh, canned or frozen products. d/ Less than 0.5 e/ Includes such things as stearic acid, oleic acid, oleo stock, stearin wool grease and chicken fat. f/ Includes such miscellaneous hides and skins as deer, buffalo, goat, horse and kangaroo. g/ Includes hair, beeswax, blood, albumen, glue stock, feathers, gelatin, etc.

Source: Economic Research Service, U.S. Foreign Agricultural Trade by Commodities Calendar Year 1962, U.S. Dept. of Agric., June, 1963, pp. 9-11 and 25-28

Wool is one of the major animal product imports of the United States. Imports of unmanufactured apparel and carpet wools in 1962 amounted to 363.5 million pounds compared with U. S. production of 248.5 million pounds. Principal wool exporters to the U. S. are Australia, Republic of South Africa, New Zealand, Uruguay and Argentina.

Finally, the United States is an importer of a multitude of extremely low-valued livestock products included in the last entries of Table 10. Tonnage-wise, the miscellaneous category was second largest of all imports in 1962. Largely, these were the waste products of the livestock industry, imported as supplementary to domestic production and intended as raw products for other industries. The category includes items such as hair, feathers, glue stock, and gelatin.

U. S. World Trade in Live Animals:

The details of U. S. foreign trade in live animals in 1962 are found in Table 11. The quantity and value of U. S. foreign trade in live animals is small relative to total trade in livestock, meat and related products. Generally, the United States receives more live animals than it sends to other countries. Most of the value of U. S. exports is found in baby chicks, cattle for breeding, and "other" animals. The latter category involves animals commonly regarded as pets rather than livestock. The value of imports rests mostly in dutiable cattle, which are livestock that are subject to tariff regulations and are imported as feeders, herd stock, or for slaughter. Very few are slaughtered; most are imported as feeders. The only other significant imports are non-dutiable (intended for breeding) cattle and horses.

In the total import-export picture the two items of trade in livestock and products that cause U. S. producers the most concern are the fresh and frozen beef and veal previously mentioned, and the imports of dutiable cattle, of which 1,232 thousand were imported in 1962 (Table 11). Producer awareness and concern regarding these imports is sharpened by the fact that essentially all of these cattle come from neighboring Canada and Mexico (Table 12). Over the years 1952-62, about 56 per cent of the dutiable cattle imports have come from Mexico. Most of the animals under 200 pounds or over 700 pounds come from Canada, while Mexico supplies most of the feeders in the 200-700 pound range.

These dutiable livestock imports amounted to 1.7 per cent of U. S. production on a carcass equivalent basis in 1962 (see Table 4). Such imports occur in concert with red meat imports, and both arise for the same reasons. As livestock prices rise and the outlook appears favorable to producers, they begin to withhold for breeding and herd enlargement some animals that otherwise would be sold for slaughter. This action tends to sharpen the price rise. Packers and producers are in direct competition for animals that are in demand both as slaughter stock and as herd stock. Rising prices soon attract the attention of other countries that have large supplies. If the differences between U. S. prices and the domestic prices of some other country become large enough to more than compensate for all costs of international trade, then livestock and meat will begin to flow into the United States. (If the price relationship between the two countries

Table 11. United States Foreign Trade in Live Animals, 1962

Exports				Imports			
Animal Type	Unit	Quantity	Value	Animal Type	Unit	Quantity	Value
		-1,000-	-$1,000-			-1,000-	-$1,000-
Cattle:				Cattle:			
For breeding	No.	18	7,459	Dutiable	No.	1,232	110,490
Other	No.	1	370	Non-dutiable (for breeding)	No.	18	6,084
Hogs:	No.	3	280	Hogs:	No.	3	105
Sheep:	No.	37	980	Sheep and Lambs:	No.	21	251
Horses, Mules, Asses, and Burros:	No.	2	1,553	Horses, Mules, Asses, and Burros:			
				For immediate slaughter	No.	6	462
				Other	No.	3	718
				For breeding (horses only)	No.	1	3,720
Poultry:				Poultry:			
Baby chicks	No.	19,141	6,133	Baby chicks	No.	279	162
Other live poultry	No.	2,761	1,085	Turkey, chickens, ducks, geese and guineas	No.	77	36
Other Animals:	No.	a	3,520	Other Animals, Live: (excludes dogs and birds)	No.	a	7
Total Animals, Live		--	21,380	Total Animals, Live:		--	122,035

[a]Less than 0.5.

Source: Economic Research Service, U. S. Foreign Agricultural Trade by Commodities Calendar Year 1962, U. S. Dept. of Agric., June, 1963, Tables 5 and 9, pp. 9 and 24.

Table 12: Imports of Cattle from Canada and Mexico by Type and Weight Classes, 1952-1962.

Year	Dutiable Cattle: 700 Pounds and Over: Cows for Dairy Purposes	Dutiable Cattle: 700 Pounds and Over: Other	Dutiable Cattle: Under 200 Pounds	Dutiable Cattle: 200 to 699 Pounds	Dutiable Cattle: Total Dutiable Cattle	Breeding Cattle (free)	Total Cattle
			-Head-				
			From Canada				
1952a	4,636	4,244	714	968	10,562	2,222	12,784
1953b	21,811	22,931	3,515	896	49,153	20,757	69,910
1954	17,633	46,798	2,872	3,377	70,680	15,259	85,939
1955	25,252	17,543	3,256	2,218	48,269	18,334	66,603
1956	22,678	2,914	3,571	1,390	30,553	18,475	49,028
1957	18,857	186,036	10,486	151,059	366,438	24,818	391,256
1958	19,586	230,025	13,580	373,671	636,862	26,145	663,007
1959	14,998	90,259	30,738	186,630	322,625	20,261	342,886
1960	20,247	60,865	32,079	140,471	253,662	18,480	272,142
1961	24,972	88,660	28,605	337,452	479,689	19,883	499,572
1962	15,481	72,205	41,315	351,336	480,337	17,617	497,954
			From Mexico				
1952c	2,381	43,617	96	81,185	127,279	--	127,279
1953d	175	25,364	485	101,901	127,925	2	127,927
1954	--	--	--	--	--	--	--
1955e	1,424	56,153	539	189,631	247,747	4	247,751
1956	1,684	11,124	848	96,594	110,250	6	110,256
1957	480	44,236	7,914	283,842	336,472	5	336,477
1958	1,255	80,589	3,231	403,166	488,241	--	488,241
1959	1,597	45,697	1,037	317,095	365,426	30	365,456
1960	371	19,631	1,773	369,113	390,888	--	390,888
1961	46	36,410	8,655	497,999	543,110	--	543,110
1962	34	36,732	24,925	690,288	751,919	18	751,937

aImports prohibited beginning February 25, 1952 due to foot-and-mouth disease.
bEmbargo removed March 1, 1953.
cEmbargo removed September 1, 1952.
dImports prohibited beginning May 23, 1953.
eEmbargo removed January 1, 1955.

Source: Economic Research Service, Livestock and Meat Situation, U. S. Dept. of Agric., May, 1963, Table 7, p. 22.

were reversed, then the United States would export instead of import.) From the domestic point of view, U. S. meat processors and distributors import some meat in an attempt to maintain established levels of trade while U. S. producers are building their herds. U. S. producers also import live animals to hasten the build-up of their herds and their feedlot operations. When this trade reaches significant proportions as in recent years, pressure to limit imports increases reflecting concerns expressed by domestic producers who feel that their welfare is threatened.

Effect of Beef Imports on U. S. Cattle Prices:

The usual composition of U. S. beef and veal imports is significant in evaluating the impact of imports on the domestic cattle industry. In 1962, for example, 86 per cent of the total was lower grade boneless beef for manufacturing uses--frankfurters, sausages, luncheon meats, hamburger and other processed products. Australia and New Zealand were the major suppliers, with lesser amounts from Ireland, Mexico and several other countries. The remaining beef and veal imports were canned, pickled, cured and cooked beef--much of it from Argentina, Brazil, Uruguay and Paraguay.

Since imports add to the supply of beef otherwise available, some effect on U. S. cattle prices can be expected. However, all beef is not the same. Beef from a Choice steer is quite different than that from a Canner cow. Most of the beef and veal imported in recent years has been comparable to U. S. cow beef and has therefore been largely competitive with this kind of domestic beef. Imports would therefore appear to affect fed cattle prices to approximately the same degree as does domestic cow beef. This would be to the extent that lower quality beef competes with fed beef for the consumer's meat dollar.

Research by the U. S. Department of Agriculture indicates that a 10 per cent increase in the supply of cow beef will lower prices of Choice steers by 3 per cent.[14/] We can illustrate the apparent effect of beef imports on domestic prices of fed cattle using 1962 data. In that year, imports made up approximately 35 per cent of the U. S. total supply of cow and bull beef. The complete absence of imports would therefore have reduced our supply of this lower quality beef by 35 per cent. The relationship between cow beef supplies and Choice steer prices shown above would indicate that U. S. prices on Choice steers would have been approximately 10 per cent higher in 1962 if there had been no imports ($35 \div 10 \times 3\% = 10.5\%$).

Published data on meat imports usually show the percentage change in volume from the previous year or some earlier period. Thus it may be helpful to know how these changes in imports alone will affect cattle prices. The actual effect varies with the level of imports in relation to U. S. production of beef and veal. The effect becomes greater as imports increase

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14/ By contrast a 10 per cent increase in the supply of fed beef will lower Choice steer prices by approximately 13 per cent. Source: Livestock and Meat Situation, LMS-134, ERS, USDA, November 1963, pp. 35-49.

relative to our own production. The USDA analysis cited has indicated the following effects on Choice steer prices for various levels of beef imports:

When beef and veal imports equal:	A 10 per cent change in imports will change Choice steer prices in the opposite direction by:
5% of total U. S. beef and veal production	.7%
10% " " " " " " "	1.1%
15% " " " " " " "	1.4%
20% " " " " " " "	1.7%

We can illustrate by applying these results to the 1963 cattle and beef markets. Imports in 1963 were equal to around 10 per cent of U. S. production of all beef and veal. At this level, then, Choice steer prices would be lowered 1.1 per cent for each 10 per cent increase in imports. For the first eight months of 1963, U. S. imports of beef and veal were 22 per cent larger than the same months of 1962. This would have had the effect of lowering Choice steer prices 2.4 per cent below the previous year. Choice steer prices at Chicago during January-August of 1963 averaged $24.25 per cwt., compared with $26.75 during these months in 1962. Increased imports would account for about 63 cents of this $2.50 price decline on Choice steers.

Thus imports have a lowering effect on cattle prices in this country. But the effect may be less than many have thought. Even though domestic prices may be adversely affected at times by imports, this does not mean that substantial restrictions on beef imports are necessarily advisable. The pros and cons of this question are complex and are not readily resolved into a policy that is simple and completely acceptable to all. A part of the U. S. supply of lower quality beef products has historically been imported. Consumer demand for processed meats and ground beef is strong and growing. And domestic supplies of lower quality beef for these uses tends to fluctuate widely at different stages of the domestic cattle production cycle. Other considerations are the possible effect of import restrictions on meat eating habits and the reaction of consumers to price increases; the response in domestic production to possible higher prices due to import restrictions and the effect of restrictive policies on total U. S. trade relations.

BARRIERS TO FREE TRADE

The range of international trade occurs between the extremes of free trade and no trade and occupies a broad middle-ground filled with various restrictions to free trade. Trade barriers are erected by nations for reasons centering on the control of disease, the protection of public health, and the protection or encouragement of domestic industries. Governments may restrict trade leaving a nation as well as entering it, but barriers of the latter type are more common. They may take a variety of forms, but tariffs and quotas occur frequently. A bound duty for example is a fixed tariff agreed upon and subject to negotiation between nations. Variable levies, on the other hand, operate on a sliding scale perhaps intended to always equal the difference between domestic and world prices. These are imposed unilaterally and are not subject to negotiation. Ad valorem duties are tariffs

which are fixed rates as a percentage of commodity values. The amount of the tariff therefore rises and falls in proportion to fluctuations in the price of the commodity. Import quotas or import certificates are intended to limit the total amount or value of an imported commodity that may enter a country. Sometimes trade barriers amount only to inspections to assure that the commodity meets minimum quality, health, or other standards. A fee customarily is charged for the inspection. Figure D provides a global review of principal trade barriers erected by selected countries against U. S. exports of livestock, meats and related products.

The European Economic Community:

The European Economic Community (European Common Market) was created by the Treaty of Rome, ratified on January 1, 1958. The Common Market is an economic and political union of six nations: France, West Germany, Italy, the Netherlands, Belgium and Luxembourg. Greece is an associate member. The development of the Common Market is keyed to a 12-year plan built upon three successive 4-year stages. The first stage, concerned principally with common policies in regard to industrial production and trade was highly successful. It was completed ahead of schedule and internal tariffs were cut by 40 per cent. The second and current stage involves much more concern for common agricultural policy than did the first. It is this stage that is of particular interest to agricultural leaders in the United States.

Economically, the Common Market is a customs union, an arrangement permitting common prices and free trade among political units protected and surrounded by a common tariff wall.15/ Agriculture is one of the most important industries of the six Common Market nations and is one of the strongest political powers. The development, therefore, of a common agricultural policy leading to free trade, common prices, and unrestricted movement of factors of production across the borders of these countries is a task of great difficulty and complexity, and one that is observed with great interest among non-members that recognize EEC as a tremendous market for their agricultural exports. United States concern about EEC activity is not that it may become a powerful trading force. It is is powerful trading force. Interest arises out of concern for how the power will be exerted in the establishment of trade barriers. U. S. negotiators actively seek and bargain for arrangements that are suitable to the United States. Very generally, the nature of U. S. vs. EEC bargaining has been one of agricultural concessions from the EEC in exchange for industrial tariff concessions from the United States. When the EEC failed to provide such concessions for U. S. poultry exports in December 1963, the U. S. responded by raising tariffs on French brandy and German trucks.

Importance of EEC as a Market for U. S. Agricultural Exports: Western Europe is the best customer that U. S. agricultural exporters have, and EEC is a major component of the Western European total. In 1961 the Common Market received 23 per cent of all U. S. agricultural exports shipped to all

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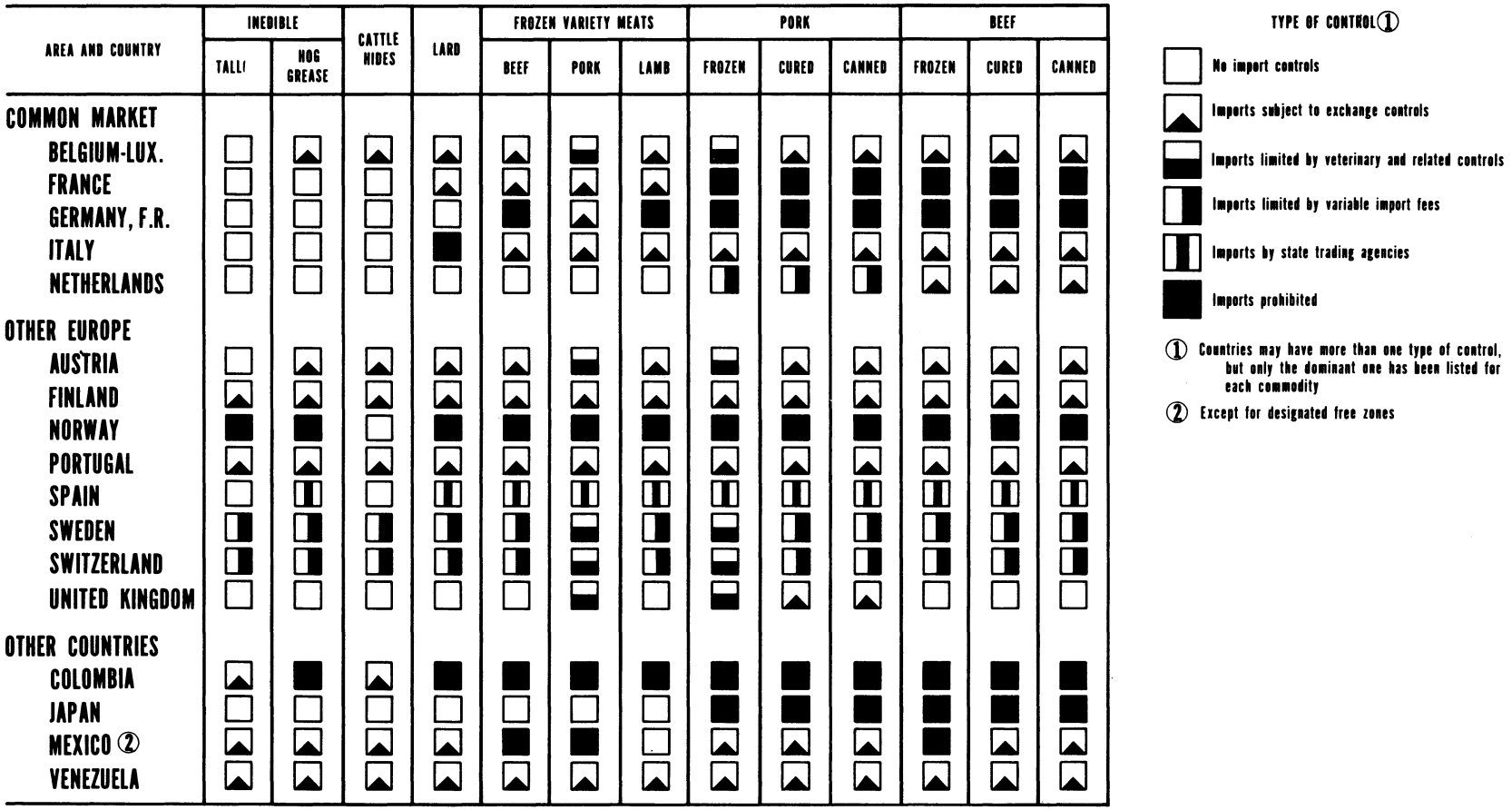
15/ This is not a unique arrangement. El Salvador, Guatemala, Honduras, and Nicaragua are joined in the Central American Customs Union. A customs union differs from a free trade area in that the latter has no common tariff wall as a protection from non-members. An example of the latter is the European Free Trade Area (EFTA) composed of Austria, Denmark, Norway, Portugal, Sweden, Switzerland, and the United Kingdom.

Figure D

IMPORT CONTROLS OF FOREIGN COUNTRIES FOR LIVESTOCK AND MEAT PRODUCTS FROM THE UNITED STATES 1/



1/ As of December 1962

Source: "Prospects for Foreign Trade in Livestock and Meat," FAS, USDA, January, 1963. Page 23.

Table 13. LIVESTOCK, MEAT AND MEAT PRODUCTS: U. S. Exports to European Common Market, and Exports as a Percentage of Exports to all Countries, 1962 1/

Commodity	West Germany	Nether-lands	France	Italy	Belgium - Luxembourg	Total EEC 2/	Total all Countries 2/
	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars	Million dollars
Meats and livestock	6.2	6.7	3.5	0.1	0.7	17.1	69.3
Lard	1.8	--	--	--	--	1.8	40.6
Tallow and greases	5.6	12.2	0.4	14.0	1.2	33.3	106.9
Casings	1.6	0.8	0.1	0.1	0.6	3.1	14.4
Hides and skins	7.4	9.0	0.7	1.2	--	18.3	77.1
Mohair	0.1	1.8	--	0.9	1.2	4.0	11.1
Poultry, all (including live)	42.1	7.8	--	0.7	0.4	51.0	83.0
Total 2/	64.8	38.3	4.7	17.0	4.1	128.7	402.4
	Exports to European Common Market as Percent of U.S. Total						
	Percent	Percent	Percent	Percent	Percent	Percent	Percent
Meats and livestock	8.9	9.7	5.1	0.1	1.0	24.7	100.0
Lard	4.4	--	--	--	--	4.4	100.0
Tallow and greases	5.2	11.4	0.4	13.1	1.1	31.2	100.0
Casings	11.0	5.6	0.7	0.7	4.2	21.5	100.0
Hides and skins	9.6	11.6	0.9	1.6	--	23.7	100.0
Mohair	0.9	16.2	--	8.1	10.8	36.0	100.0
Poultry, all	50.7	9.4	--	0.8	0.5	61.4	100.0
Total	16.1	9.5	1.2	4.2	1.0	32.0	100.0

1/ World totals are not comparable to aggregate totals found in Tables 10 and 11 since some commodities such as miscellaneous exports shown in Table 10 are not included here. 2/ Totals may include rounding error.

Source: Derived from Foreign Agricultural Circular FLM 2-63, FAS, USDA, March, 1963, Tables 1 and 2, pp. 2-5. Also U. S. Foreign Agricultural Trade by Countries Calendar Year 1962. ERS, USDA. November 1963, Table 3, p.11.

destinations, but more significantly, it bought 31 per cent of all U. S. agricultural exports sold for dollars.16/ The significance of EEC as a market for U. S. livestock, meats and related products is indicated by the value of 1962 exports shown in Table 13.

The impact of EEC on U. S. exports of livestock and livestock products will not be the same for all commodities. For some it appears that EEC growth represents an opportunity for greater foreign sales; for others the actions of EEC have already placed severe restrictions on future sales to the member nations. Generally, EEC policies are liberal on commodities that are complementary to production of the member nations, but are rather severe on supplementary goods. U. S. sales of poultry are affected more than the sales of any other meats. Between 1955 and 1962 poultry exports increased from 28 to 270 million pounds and in 1962 were valued (excluding live poultry) at 76 million dollars (see Tables 10, 11 and 13). Over three-fifths of the value of these poultry exports was represented by sales to the Common Market, and over half was in sales to West Germany alone (Table 13). But in keeping with common agricultural policies adopted by the EEC in 1962, intra-community trade tariffs on poultry are to be eliminated gradually and tariffs to outside countries raised. Clearly, the effect of the tariff wall on poultry is to limit competition from outside countries, raise poultry prices to consumers, and thereby encourage poultry production among member nations.

The European Common Market is the world's third largest importer of red meats (Figure A), which provides opportunities for U. S. exporters of livestock and products. While the development of intensive land-use patterns within the EEC may encourage domestic production of red meats and place some restrictions on imports of those goods, this could have a more direct effect on other countries than on the United States which acts as an exporter of by-products, principally, rather than meats. The effect of EEC tariff actions upon various export items found in Tables 10 and 13 is not uniform. Export opportunities may be expected to vary from one item to another.17/

IN SUMMARY

Some of the significant things to recognize about foreign trade should perhaps be summarized: (1) Trade is voluntary and is undertaken in anticipation of mutual gain. (2) No matter how great or small a nation may be in its domestic production or consumption, it will export those goods which it can produce with the greatest comparative advantage relative to other countries, and it will import those goods which it can produce only at a comparative disadvantage. The development of trade along these lines will be influenced by price relationships in the world market. Trade occurs whenever price differences (which are a reflection of factor cost differences) become great enough to pay for all costs of trade. (3) As small as United States trade is in terms of U. S. national income, the United States is a leader in world trade. U. S. interest and participation in world trade has been increasing and it will continue to increase. (4) Low wages to labor

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16/ Ioanes, Raymond A., (Administrator, FAS) "The Outlook for Commercial Exports of Farm Products as Affected by the Trade Expansion Act and the Common Market," presented to the 40th Annual National Agricultural Outlook Conference, Washington, D. C., November 13, 1962.

17/ Subsequent comments are based upon expectations presented in "Prospects for Foreign Trade in Livestock and Meat," (no publication number) FAS, USDA, January 1963. Pages 22-25.

in other countries relative to the United States do not threaten the welfare of U. S. producers. Wages are only a part of production costs; the United States competes with low-wage nations in foreign trade quite effectively. (5) When the United States imports livestock and livestock products from other countries, it is an indication that comparative advantages in the production of the imported goods rests during those times with the exporting countries. Under such circumstances it is cheaper for the total economy to import than to produce. The United States also exports livestock and livestock products and enjoys a comparative advantage in the production of those commodities. (6) Producers who express concern about livestock and meat imports are not spokesmen for all livestock producrs since some other producers are buying the imported cattle. (7) Those who are concerned about meat imports must recognize that meat processors and distributors import when the quantities and types of meat needed can be obtained at lower cost in the world market than at home. (8) The role of the United States in world trade is not one of giving other countries a helping hand. Businessmen in all nations who are engaged in trade are concerned for the welfare of their own businesses; not those of their neighbors. As such, the United States as a buyer of livestock products is not always a popular customer. Even when buying small amounts by domestic standards, the United States is so large as to disrupt world trade patterns when it capriciously enters or leaves the market. Considerable adjustment and readjustment is required. (For example, Great Britain is a large consumer of Australian and New Zealand beef. U. S. entry into this market disrupts an essential pattern of trade that is already established.) Once the necessary adjustments have been made, domestic prices in the United States may change again. When such fluctuations permit U. S. buyers to return to domestic purchases, they leave the world market with repercussions similar to those created by their entry at an earlier date.